

090667

RESTRICTED — Not to be released outside the General
Accounting Office except on the basis of specific approval
by the Office of Congressional Relations

7.44.08

72-16278



RELEASED

30

Audit Of The
House Beauty Shop
Calendar Year 1971 B-162878

House of Representatives

~~904236~~

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

090667

MAY 12, 1972



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-162878

A Dear Madam Chairman:

The General Accounting Office has made an audit of the financial transactions of the House Beauty Shop for calendar year 1971, as required by the Legislative Branch Appropriation Act, 1970 (83 Stat. 338). Our audit was made in accordance with generally accepted auditing standards and included an examination of selected financial transactions, appropriate tests of the accounting records, and such other auditing procedures as we considered necessary.

GENERAL COMMENTS

The House Beauty Shop provides convenient beauty facilities for congresswomen, wives of congressmen, and congressional employees, as well as the general public. The shop was placed under the direction of the Select Committee on the House Beauty Shop on December 11, 1967, in accordance with House resolution 1000, Ninetieth Congress, and is operated by Mrs. Betty Jane Oszust, manager, under a fixed-fee contract. As of December 31, 1971, the full-time staff of the House Beauty Shop consisted of the manager, 15 beauticians, three manicurists, a maid, and a receptionist and the part-time staff consisted of a maid, an electrologist, and an accountant.

As shown in the comparative statement of income, expenses, and retained earnings (sch. 2), the shop realized a net income of \$2,195 in calendar year 1971 compared with \$9,288 in calendar year 1970. The decrease was attributable partially to bonuses of \$17,085 which the Select Committee ordered to be paid as an expression of its appreciation of the manner in which the shop had been run and of the performance of its employees.

The Legislative Branch Appropriation Act, 1970, requires that net income from shop operations, as established by our annual audit, after restoring any impairment of capital and after providing for replacement of equipment, be transferred to the general fund of the Treasury. We computed the net

B-162878

income to be transferred to the Treasury for calendar year 1971, as follows:

Retained earnings as of December 31, 1971		\$21,111.27
Capital authorized pursuant to H. Res. 1000, 90th Cong.	\$15,000.00	
Provision for replacement of equipment (accumulated depreciation as of December 31, 1971)	<u>5,530.29</u>	<u>20,530.29</u>
Net income to be transferred		\$ <u>580.98</u>

FINANCIAL STATEMENTS

The accompanying financial statements for the House Beauty Shop were prepared by us from records furnished by the manager of the shop. In preparing the statements we adjusted the shop's records, which were maintained on a cash basis, to present the financial position and operating results of the House Beauty Shop on an accrual basis. These statements do not include the cost of certain benefits and services--such as space, utilities, and ordinary building repairs and maintenance--furnished to the House Beauty Shop without charge.

In our opinion, the accompanying statements (schs. 1, 2, and 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the financial arrangements described above, present fairly the financial position of the House Beauty Shop at December 31, 1971, the results of its operations, and the sources and application of its funds for the year then ended.

B-162878

As required by the Legislative Branch Appropriation Act,
C₃ 1970, copies of this report are being sent to the Speaker of
C₄ the House of Representatives and to the Clerk of the House
of Representatives.

Sincerely yours,



Comptroller General
[Deputy] of the United States

The Honorable Martha W. Griffiths
Chairman, Select Committee on
9 the House Beauty Shop
House of Representatives

11.05600

SCHEDULE 1

HOUSE BEAUTY SHOP

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, AND EQUITY

DECEMBER 31, 1971 AND 1970

A S S E T S

	<u>1971</u>	<u>1970</u>
CURRENT ASSETS:		
Cash	\$ 8,743	\$ 6,862
Accounts receivable	239	128
Prepaid insurance	517	514
Inventory of merchandise and supplies (at cost)	<u>5,618</u>	<u>4,589</u>
Total current assets	<u>15,117</u>	<u>12,093</u>
FIXED ASSETS:		
Equipment	17,086	15,827
Less allowance for depreciation	<u>5,530</u>	<u>3,916</u>
Total fixed assets	<u>11,556</u>	<u>11,911</u>
Total assets	<u>\$26,673</u>	<u>\$24,004</u>

L I A B I L I T I E S A N D E Q U I T Y

CURRENT LIABILITIES:		
Accounts payable	\$ 3,928	\$ 2,029
Employees' Federal and State taxes withheld	1,396	693
Employer's payroll taxes payable	<u>238</u>	<u>215</u>
Total current liabilities	<u>5,562</u>	<u>2,937</u>
EQUITY OF THE HOUSE OF REPRESENTATIVES:		
Retained earnings	<u>21,111</u>	<u>21,067</u>
Total equity	<u>21,111</u>	<u>21,067</u>
Total liabilities and equity	<u>\$26,673</u>	<u>\$24,004</u>

HOUSE BEAUTY SHOP

COMPARATIVE STATEMENT OF INCOME, EXPENSES,
AND RETAINED EARNINGS
FOR CALENDAR YEARS 1971 and 1970

	1971	1970
INCOME:		
Beauty operations	\$206,248	\$156,150
Sales of merchandise	\$9,205	\$9,442
Less cost of goods sold--retail	<u>7,236</u> <u>1,969</u>	<u>7,009</u> <u>2,433</u>
GROSS PROFIT FROM OPERATIONS	<u>208,217</u>	<u>158,583</u>
OPERATING EXPENSES:		
Salaries:		
Beauticians	127,613	87,000
Manicurists	10,850	10,879
Receptionist	7,802	6,349
Maids	<u>6,066</u>	<u>4,717</u>
Total salaries	<u>152,331^a</u>	<u>108,945</u>
Supplies	16,683	13,236
Managerial fee	15,000	14,168
Bonus to manager	6,000	1,000
Payroll tax	9,251	7,173
Laundry	618	624
Office	1,181	883
Insurance	1,548	1,265
Depreciation	1,625	1,523
Accounting	595	-
Miscellaneous	<u>1,341</u>	<u>636</u>
Total operating expenses	<u>206,173</u>	<u>149,453</u>
NET INCOME FROM OPERATIONS	2,044	9,130
NET MISCELLANEOUS INCOME	<u>151</u>	<u>158</u>
NET INCOME FOR THE YEAR	<u>\$ 2,195</u>	<u>\$ 9,288</u>
RETAINED EARNINGS:		
Balance at beginning of year	\$ 21,067	\$ 11,779
Less amount transferred to Treasury	<u>2,151</u>	<u>-</u>
	18,916	11,799
Net income for year	<u>2,195</u>	<u>9,288</u>
Balance at end of year	<u>\$ 21,111</u>	<u>\$ 21,067</u>

^aIncludes bonuses of \$3,030 for 1970 and \$8,055 for 1971.

SCHEDULE 3

HOUSE BEAUTY SHOP

COMPARATIVE STATEMENT OF SOURCES

AND APPLICATION OF FUNDS

CALENDAR YEARS 1971 AND 1970

	<u>1971</u>	<u>1970</u>
FUNDS PROVIDED:		
Sales	\$215,453	\$165,593
Miscellaneous income	<u>178</u>	<u>228</u>
Total funds provided	<u>\$215,631</u>	<u>\$165,821</u>
FUNDS APPLIED:		
Operating expenses	\$211,783	\$154,939
Equipment additions	1,298	1,963
Return of capital provided pursuant to H. Res. 1000, 90th Cong.	-	5,000
Increase in working capital	399	3,919
Amount transferred to Treasury	<u>2,151</u>	<u>-</u>
Total funds applied	<u>\$215,631</u>	<u>\$165,821</u>